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COMPTROLLER GENERAL OF THE UNITED STATES

WASHINGTON, D.C. 20548

Executive Registry

78-623

APT

B-160759

October 25, 1978

The Honorable Admiral Stansfield Turner
Director, Central Intelligence
Agency

OLC #78-5275

Dear Admiral Turner:

The enclosed report summarizes the results of our Government-wide review of how Federal departments and agencies resolve auditors' findings. It shows that significant administrative changes and accounting controls are needed to insure that Federal officials take corrective action as necessary on audit findings.

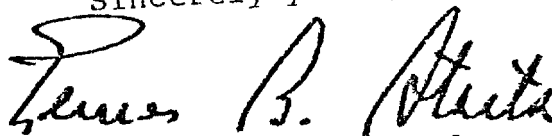
We are sending this report to you because its recommendations are addressed to each of the agencies having audit staffs, and because information included in the report was obtained from one or more locations under your control.

As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House Committee on Government Operations and the Senate Committee on Governmental Affairs not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report. We would appreciate receiving copies of those statements.

We also wish to advise you that we asked the Departments of Commerce, Defense, Housing and Urban Development, Labor, and Health, Education, and Welfare, and the Environmental Protection Agency, as well as the Office of Management and Budget for their comments on our draft report. As of October 23, 1978, some comments had not been received from these agencies. Consequently, agency comments along with our evaluation, will be issued under separate cover when they all have been received.

We appreciate the cooperation of your staff during this review.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "James B. Stute". The signature is written in a cursive style with a large initial "J" and a prominent "S".

Comptroller General
of the United States

Enclosure

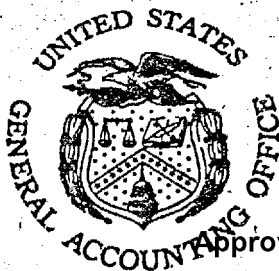
BY THE COMPTROLLER GENERAL

Report To The Congress OF THE UNITED STATES

More Effective Action Is Needed On Auditors' Findings — — Millions Can Be Collected Or Saved

The lack of a good system for resolving auditors' findings could be costing the Government hundreds of millions annually—most of which grantees and contractors are keeping although they are not entitled to the funds under applicable laws and regulations. Also, sizable savings in operating costs are sometimes being foregone by failure to act promptly on findings involving internal agency operations.

GAO believes a significant procedural change is needed to strengthen audit as the basic tool for preventing unauthorized expenditures and seeing that the intent of Congress is carried out. This change can be accomplished by controlling actions on audit findings more effectively. GAO believes that, among other controls, agencies should require documentation and written legal concurrence on decisions not to pursue recovery of amounts due the Government as a result of audit findings, and provide for an independent official to pursue the resolution of findings if the designated program official does not complete action within six months.



EXECUTIVE SECRETARIAT (O/DCI)

Routing Slip

TO:

		ACTION	INFO	DATE	INITIAL
1	DCI				
2	DDCI				
3	DD/RM				
4	DD/NFA				
5	DD/CT				
6	DD/A				
7	DD/O				
8	DD/S&T				
9	GC				
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16	AO/DCI				
17	C/IPS				
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SUSPENSE DATE:

Remarks:

Yell:

As advise if response appropriate. If so pls prepare for DDCI's signature.

EXECUTIVE SECRETARY

30 Oct.

Date